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DE RUEHVI #0638/01 1291450
ZNR UUUUU ZZH
P 081450Z MAY 08
FM AMEMBASSY VIENNA
TO RUEHC/SECSTATE WASHDC PRIORITY 0157
RUEKJCS/OSD WASHDC PRIORITY
RHEHAAA/WHITEHOUSE WASHDC PRIORITY

UNCLAS VIENNA 000638

SIPDIS

DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 08, 2008

Still No Final Word on AUA Deal

1. Negotiations continue between Austrian Airlines (AUA) and Saudi businessman Sheikh Mohammed Bin Issa Al Jaber on a potential 150-million-Euro investment in the airline. There is still no agreement on whether Al Jaber, who has accused AUA of having been misled about its financial viability, will stick to the planned deal or pull out. Meanwhile, the CEO of Austrian Airlines, Alfred Oetsch, has come under massive criticism from investors for his role in the affair. AUA continues to stress the importance of having Al Jaber as a strategic partner for the airline.

Sex Crime Laws Toughened

2. In the wake of the Amstetten incest case, the Austrian government has agreed to toughen laws on sexual crimes. At Wednesday's cabinet meeting, the coalition partners SPOe and OeVP agreed to keep sex crimes on record for thirty years instead of the current fifteen, and to allow anyone with a conviction to be banned from certain professions. Adoption procedures are also to be made more difficult. Meanwhile, Justice Minister Maria Berger (SPOe) has admitted police were too quick to believe Josef F., the suspect in the Amstetten case, who claimed his daughter ran away to join a cult. Berger conceded the statement was not sufficiently questioned at the time. Her comments are the first acknowledgement from Austrian officials of shortfalls in the investigation into daughter Elisabeth F.'s disappearance, writes ORF online news.

Next National Bank Chief Named

3. The former chief of the BAWAG bank, Ewald Nowotny, has been named as the next Director General of the Austria National Bank. Nowotny takes over his post from incumbent Klaus Liebscher on September 1, according to ORF radio Oel news.

"Missile Defense Increasingly Sophisticated"

4. ... headlines centrist daily Die Presse, publishing a PAS-facilitated interview with John Rood, Under Secretary for Arms Control and International Security. Regarding the US plans for a missile defense shield in Poland and the Czech Republic, Rood said: "I am optimistic we will be able to conclude successfully the negotiations with Poland on a base to station ten missiles. A few issues remain that have to be addressed in this matter. We have concluded the talks with the Czech Republic on putting up a radar system; the only thing that's left to do is sign the contract. Centrist daily Die Presse publishes a PAS-facilitated interview with

John Rood, Under Secretary for Arms Control and International Security, who explains US defense and security policies, including the plans for a missile defense shield in Poland and the Czech Republic. According to Rood, "spending in the United States for missile defense has remained more or less constant during the past years. But it's true that in the defense budget as a whole, missile defense is occupying a significant place, because we have become aware of a new vulnerability, which, naturally, we want to counter. The threat emanating from missiles and the proliferation of weapons of mass destruction is, unfortunately, growing constantly. Meanwhile, missile defense systems are gaining in acceptance as a means to address that ever growing threat. An increasing number of states are supporting missile defense projects."

EU Lifts Import Ban on GM Corn

15. The EU Commission has lifted Austria's ban on the import of two types of genetically modified corn. Officials said the lifting of the ban did not affect Austrian prohibitions on planting the GM crops. EU environment ministers were unable to agree last year on extending the ban on imports, so that the decision went automatically to the EU Commission. The Austrian Environment Minister, Josef Proell, has expressed his disappointment over the ruling. He said the EU had given in to pressure from the United States and the World Trade Organization, ORF TV's prime time news Zeit im Bild I reported on Wednesday.

100,000 Feared Dead In Myanmar

16. The death toll from the cyclone that ravaged the Irrawaddy delta in Myanmar earlier this week may exceed 100,000, a senior US diplomat warned Wednesday. The figure is almost five times as high as the one the Myanmar military regime has estimated, and observers are concerned the country's repressive government may be trying to downplay the full extent of the catastrophe. Aid groups and countries offering disaster relief continue to complain about their lack of access, and the regime is facing growing international concern over its delay in accepting foreign aid for the cyclone's victims.

Clinton Soldiers On

17. Democratic presidential hopeful Hillary Clinton has vowed to continue her campaign despite losing ground in the latest primary contests and her financial problems. Clinton beat her rival Barack Obama by two points in Indiana's primary, while he won by 14 in North Carolina. Liberal daily Der Standard comments: "It seems out of the question that Clinton will quit. Commentators from her camp suggested she might even risk a legal battle in order to secure her share of the delegates' votes from Michigan and Florida. However, some Democrats are complaining 'the problem is that Hillary has a killer instinct, and Obama doesn't.' Which means it is not unlikely she is going to kill her own party this time."

All Austrian media analyze the Indiana and North Carolina primaries, with the majority agreeing that the results have further boosted Barack Obama's campaign and have delivered a serious blow to Hillary Clinton's chances at being nominated as her party's candidate. Mass-circulation tabloid Oesterreich runs the headline "Obama wins the race," and says after the Tuesday primaries "it is virtually certain: Barack Obama will be the Democrats' presidential candidate," as "no-one is a serious threat to his nomination any longer." Meanwhile, Hillary Clinton has said "she will not give up, despite the fact that she has lost her last chance in the fight for the nomination." There is "no chance, though, she can catch up with Obama," and "US media are already speculating on: Who will break the news to her that it is over?"

Similarly, centrist daily Die Presse headlines "Barack Obama is on the home stretch." He has already "changed his tactics from running a primary race to fighting a presidential election campaign," the daily says. Thus, in his speech following the Tuesday primaries, Obama attacked his likely rival in the contest for the White House, Republican candidate John McCain: "He must not be given the opportunity to serve out George Bush's third term," the daily quotes

Obama.

According to liberal daily Der Standard, "Obama is getting closer to the nomination." With his "impressive victory in North Carolina he has put Senator Hillary Clinton, who secured an only narrow victory in Indiana, under massive pressure." She does not want to quit, though: "It remains an open question, if and when Hillary Clinton realizes she can no longer win. The pressure is increasing: Behind the scenes the super delegates are having some serious talks with Clinton" [on when she will give up], the daily says, and quotes one of the most prominent ones, former Vice-President Al Gore as saying he does "not believe she will do something that runs contrary to the wishes of the party base."

Mass-circulation tabloid Kronen Zeitung says "after a narrow victory, Clinton is fighting a losing battle." From a "psychological point of view," Hillary Clinton "would have needed a clear victory. There's no way she could have caught up with Obama anyway, so her only chance are the super delegates, [...] who will hardly be impressed with her performance in Indiana."

The headline in independent provincial daily Salzburger Nachrichten reads: "The end of the fight is near." The daily believes the "race for the Democratic nomination is over." The newspaper also refers to "insiders," who have suggested "one of the key reasons for why Hillary Clinton is having such a hard time admitting defeat is her disastrous financial situation. She has already poured at least five million dollars from her private assets into her campaign. According to rumor, the Clintons are trying to get Obama to agree to cover her campaign debts in exchange for her pulling out of the race."

Foreign affairs writer Thomas J. Spang comments: "Obama has not only neutralized Hillary's latest victories in Pennsylvania and Ohio, but he has in fact expanded his lead. ... Thus, the last big primary day has probably sealed the candidate's lot. It is now for her to enable the Democrats to rally behind the victor. Anything else would harm the legacy of the Clintons, their political future and the prospects of their party in the presidential elections in November. If Hillary decides to pursue a strategy of scorched earth, the super delegates will prevent her from doing so - or else her donors, who no longer send her campaign dollars. The end of a long election battle is near."

Kilner